

REMARKS OF
THE HONORABLE
HENRY A. WAXMAN,
CHAIRMAN,
SUBCOMMITTEE ON HEALTH AND THE ENVIRONMENT
BEFORE
THE NATIONAL ASSOCIATION OF
PRIVATE PSYCHIATRIC HOSPITALS
JANUARY 18, 1982

I'M GLAD TO BE WITH YOU TODAY FOR MY ANNUAL APPEARANCE AT YOUR ANNUAL MEETING.

WHEN I WAS WITH YOU LAST YEAR IN FLORIDA, SOMEBODY THERE WAS TELLING ME "LIGHT BULB JOKES" AND, AS A CALIFORNIAN, I TOOK A LOT OF RIBBING ABOUT THE ONE PERSON IT TAKES TO CHANGE THE BULB AND THE FOUR WHO RELATE TO THE EXPERIENCE.

WELL, I'VE COME FOR MY RETURN ENGAGEMENT IN ARIZONA WITH TWO LIGHT BULB JOKES FOR YOU PARTICULARLY.

THE FIRST IS "HOW MANY REPUBLICANS DOES IT TAKE TO CHANGE A LIGHT BULB?"

NONE. THE INVISIBLE HAND OF THE MARKETPLACE WILL DO IT FOR THEM.

AND THEN, "HOW MANY PSYCHIATRISTS DOES IT TAKE TO CHANGE A LIGHT BULB?"

ONLY ONE. BUT IT'S REALLY GOT TO WANT TO BE CHANGED.

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THE POINT OF BOTH OF THESE JOKES IS UNFORTUNATELY RELEVANT TO YOUR WORK FOR THIS YEAR. IN MANY WAYS, THIS ADMINISTRATION IS WAITING FOR INVISIBLE HANDS TO DO THE WORK OF GOVERNMENT, AND BEFORE YOU OR YOUR HOSPITALS OR YOUR ORGANIZATION CAN DO ANYTHING TO CHANGE THAT APPROACH, YOU MUST CONVINCE THE CONGRESS AND THE COUNTRY THAT THEY WANT IT CHANGED.

YOU KNOW THAT THERE WAS A LOT OF LEGISLATIVE ACTIVITY IN THE FIRST SESSION OF THE 97TH CONGRESS. THE SECOND SESSION--WHICH BEGINS IN A WEEK--WILL PROBABLY BE EVERY BIT AS VOLATILE. IN A FEW MINUTES, I WILL OUTLINE SOME OF THE LAST YEAR'S ACTION AND THIS YEAR'S PROPOSALS. YOU WILL SEE THAT IT HAS BEEN AND WILL CONTINUE TO BE AN IMPORTANT TIME FOR HOSPITALS AND ALL PSYCHIATRIC AND MENTAL HEALTH PROVIDERS.

BUT I WANT TO EMPHASIZE THAT THIS YEAR YOU HAVE THE SPECIAL CHALLENGE OF RE-EDUCATING THE ADMINISTRATION--AND, TO SOME EXTENT THE CONGRESS--ABOUT PSYCHIATRY AND MENTAL HEALTH.

BUT BEFORE I GET TOO FAR INTO DESCRIPTIONS OF LEGISLATION, LET ME GIVE YOU A SHORT OUTLINE OF THE CONGRESSIONAL COMMITTEE STRUCTURE AND HOW IT IS WORKS.

IN BOTH THE HOUSE AND THE SENATE, MOST BILLS MUST GO THROUGH AUTHORIZING, APPROPRIATING, AND BUDGET COMMITTEES.

IN THE HOUSE, THE SUBCOMMITTEE ON HEALTH AND THE ENVIRONMENT, WHICH I CHAIR, HAS JURISDICTION OVER ALMOST ALL FEDERAL HEALTH MATTERS, RANGING FROM MEDICAID TO THE NATIONAL INSTITUTE ON MENTAL HEALTH TO THE DEVELOPMENTAL DISABILITIES PROGRAM. THE HOUSE WAYS AND MEANS COMMITTEE ALSO HAS JURISDICTION OVER MEDICARE PART A BECAUSE OF ITS CONTROL OF TAXATION AND THE SOCIAL SECURITY TRUST FUND.

ON THE SENATE SIDE, THINGS ARE DIVIDED UP A BIT DIFFERENTLY AND THERE ARE TWO COMMITTEES THAT DEAL WITH HEALTH: THE FINANCE COMMITTEE, WHICH CONTROLS REIMBURSEMENT LEGISLATION, AND THE COMMITTEE ON LABOR AND HUMAN RESOURCES, WHICH CONTROLS THE GRANT PROGRAMS FOR HEALTH.

THESE AUTHORIZING COMMITTEES DESIGN FEDERAL PROGRAMS AND SET THE MAXIMUM MONEY WHICH CAN BE SPENT ON EACH.

EACH HOUSE ALSO HAS AN APPROPRIATIONS COMMITTEE WHICH DECIDES HOW MUCH MONEY WILL BE SPENT ON EACH PROGRAM.

AND ESPECIALLY IMPORTANT THIS YEAR, EACH HOUSE HAS A BUDGET COMMITTEE WHICH DECIDES HOW MUCH MONEY THE CONGRESS WILL SPEND OVERALL.

BUT AS YOU MAY KNOW ALL TOO WELL, LAST YEAR THE PROCESS WAS TURNED ON ITS HEAD.

IN THEORY, THE AUTHORIZING COMMITTEES ARE SUPPOSED TO UNDERSTAND THE SUBSTANCE AND IMPACT OF THE PROGRAMS THEY CREATE OR REGULATE. APPROPRIATING COMMITTEES ARE TO BALANCE SPENDING REQUESTS. THE COMMITTEES ARE TO DEVELOP EXPERTISE IN SUBJECT AREAS AND TO ADVISE THE HOUSE ACCORDINGLY.

BUT THAT'S NOT THE WAY THE PROCESS WORKS ANY LONGER. WE NOW HAVE A BUDGET RESOLUTION TO ESTABLISH "POLICY" IN TERMS OF OVERALL "SAVINGS". THE IMPLEMENTATION OF THOSE "SAVINGS" IS LEFT TO OTHERS--TO THE STATES, TO PROVIDERS, AND TO THE POOR.

IT IS A BAD PROCESS THAT MAKES SHORT-SIGHTED POLICY.

LAST YEAR, AS PART OF THAT PROCESS, PRESIDENT REAGAN TRIED TO MAKE HUGE CUTS IN FEDERAL HEALTH PROGRAMS. THE ADMINISTRATION PROPOSED TO LIMIT MEDICAID BY PUTTING A CAP ON ALL FEDERAL PARTICIPATION. THE ADMINISTRATION ALSO PROPOSED TO LUMP THE COMMUNITY MENTAL HEALTH PROGRAM WITH FIFTEEN UNRELATED HEALTH PROGRAMS AND THE DEVELOPMENTAL DISABILITIES PROGRAM WITH TEN OTHER UNRELATED SOCIAL SERVICES PROGRAMS. THESE BLOCK GRANTS TO STATES WERE SUPPOSED TO HAVE NO DEFINED PURPOSE, NO ACCOUNTABILITY, AND NO FUTURE.

I AM HAPPY TO REPORT TO YOU THAT THESE SWEEPING CUTS WERE NOT PASSED BY THE CONGRESS.

THE DEVELOPMENTAL DISABILITIES PROGRAM WAS RENEWED AS AN INDIVIDUAL PROGRAM, SEPARATE FROM GENERAL SOCIAL SERVICES.

THE CMHC PROGRAM IS NOW PART OF A BLOCK GRANT, BUT A LIMITED BLOCK THAT HAS A FOCUS ON MENTAL HEALTH AND SUBSTANCE ABUSE PROGRAMS AND THAT IS DESIGNED TO ENSURE AUDITING AND ACCOUNTABILITY.

AND MEDICAID HAS BEEN CUT, BUT WE HAVE NOT GONE BACK ON OUR PROMISE TO PROVIDE HEALTH CARE TO ALL POOR AND DISABLED AMERICANS.

THESE ARE SIGNIFICANT VICTORIES FOR YOU AND THOSE WHOM YOU REPRESENT.

I PARTICULARLY CONGRATULATE YOU FOR YOUR ACTIVE AND VISIBLE EFFORTS IN THE HOUSE. ON MANY OCCASIONS, EVEN DURING VOTES ON THE BUDGET, MY STAFF AND I WERE CONFRONTED BY MEMBERS--MANY OF WHOM ARE USUALLY NOT CONCERNED WITH HEALTH MATTERS--WHO SAID THAT THE NUMBERS OF LETTERS, CALLS, AND VISITS WERE OVERWHELMING.

IT WAS THIS KIND OF CONTACT WITH THE CONGRESS--IN WASHINGTON AND AT HOME--WHICH HELPED TO PRESERVE SOME PART OF HEALTH PROGRAMS, WHILE OTHER VALUABLE FEDERAL EFFORTS WERE GIVEN UP ALTOGETHER. MANY THANKS AND CONGRATULATIONS TO YOU FOR WHAT GOOD NEWS THERE IS.

BUT INITIAL ADMINISTRATION DOCUMENTS OUTLINING GOALS FOR FISCAL YEAR 1983 ARE GRIM. THEY SHOW THAT THIS SESSION OF CONGRESS WILL BE NO TIME FOR ANY OF US TO REST ON ANY LAURELS.

AGAINST THE BACKDROP OF A \$100 BILLION DEFICIT AND A PROPOSED 15% INCREASE IN THE DEFENSE BUDGET, THE WHITE HOUSE HAS BEGUN TO OUTLINE ITS PLANS FOR MAKING DEEP AND IRRATIONAL CUTS IN MEDICARE AND MEDICAID. THESE PLANS INCLUDE AN ACROSS-THE-BOARD REDUCTION OF 2 PERCENT IN HOSPITAL REIMBURSEMENT UNDER MEDICARE, 10 PERCENT COST SHARING FOR INPATIENT HOSPITAL CARE UNDER MEDICARE (SUBJECT TO A CATASTROPHIC LIMIT), AND A NEW CO-PAYMENT FOR INPATIENT AND OUTPATIENT MEDICAID SERVICES.

THESE ARE BLUNT INSTRUMENTS TO FIGHT THE BUDGET DEFICIT:

ACROSS-THE-BOARD CUTS PENALIZE HONEST AND EFFICIENT HOSPITALS THE MOST, WITHOUT BOTHERING TO FIND OUT WHY COSTS ARE EXPLODING.

MEDICARE AND MEDICAID CO-PAYMENTS MAY LOWER UTILIZATION, BUT IF THEY DO, IT WILL BE BECAUSE THEY PENALIZE THOSE AMERICANS--THE ELDERLY, POOR OR DISABLED--WHO HAVE THE FEWEST RESOURCES, WITHOUT BOTHERING TO FIND OUT IF THESE PEOPLE HAVE OVERUSED ANY SERVICE.

SUCH PROPOSALS, IF ENACTED, WOULD PRODUCE ECONOMIC AND PUBLIC HEALTH PROBLEMS FOR DECADES.

BUT THE MOST SERIOUS HEALTH BUDGET PLAN IS STILL UNDER DEVELOPMENT AS PRESIDENT REAGAN'S NEXT TROJAN HORSE. I'M SURE YOU'VE HEARD A LOT ABOUT THE "COMPETITION PROPOSALS". THE MAJOR COMPONENTS OF MOST "COMPETITIVE" HEALTH PROPOSALS INVOLVE LIMITATIONS OF HEALTH INSURANCE TAX DEDUCTIONS AND VOUCHER SYSTEMS. IF SUCH PROGRAMS CAN SAVE MONEY IT WILL BE PRIMARILY THROUGH CUTS IN COVERAGE, BENEFITS, AND ELIGIBILITY. I'M CONCERNED THAT THESE SCHEMES MIGHT TURN OUT TO BE THE BIGGEST EXERCISE IN COST-SHIFTING THAT WE'VE SEEN YET--ALL DISGUISED AS EFFICIENCY AND COST CONTROL.

WITHIN THIS COST-SHIFTING, PSYCHIATRIC AND MENTAL HEALTH PROVIDERS CAN BE PREDICTED TO BE THE LOSERS. THESE CUTS--AS THE FEDERAL EMPLOYEES' BENEFITS CASE HAS DEMONSTRATED--WILL COME IN MENTAL HEALTH CARE FIRST.

PSYCHIATRY AND PSYCHIATRIC HOSPITALS HAVE BEEN REGARDED SKEPTICALLY FOR YEARS. MENTAL ILLNESS HAS BEEN THOUGHT OF AS A SIN OR A CHARACTER FLAW--MAYBE BECAUSE OF THE LARGE NUMBER OF SYPHILLIS CASES THAT USED TO END UP IN ASYLUMS, MAYBE BECAUSE OF FEARS OF DEMONS. PSYCHIATRIC HOSPITALS ARE OFTEN STILL IMAGINED TO BE BEDLAM'S. PSYCHIATRISTS ARE ALL STILL KNOWN AS ANALYSTS.

YOU HAVE HAD TO DEAL WITH THESE SORTS OF SOCIETAL IMPRESSIONS FOR QUITE SOME TIME.

BUT NOW YOU MUST ALSO DEAL WITH THE MOST ANTI-PSYCHIATRY, ANTI-MENTAL HEALTH ADMINISTRATION SINCE THE BEGINNING OF FEDERAL PROGRAMS.

THIS ADMINISTRATION HAS:

FUNDED MENTAL HEALTH RESEARCH AT ITS LOWEST ACTUAL DOLLAR
LEVEL IN OVER TEN YEARS;

REQUESTED THE ELIMINATION OF ALL CLINICAL TRAINING PROGRAMS
IN PSYCHIATRY AND MENTAL HEALTH; AND

URGED DISCRIMINATION AGAINST PSYCHIATRIC BENEFITS AND
VIRTUALLY DESTROYED THE FEDERAL EMPLOYEES' HEALTH
BENEFITS PROGRAM MODEL FOR INSURANCE.

AS VOUCHERS AND THE LIMITATION OF TAX DEDUCTIONS ARE
DISCUSSED--FOR MEDICARE AND FOR THE NATION--YOU CAN BE VERY SURE THAT
THIS SAME ADMINISTRATION IS NOT GOING TO MAKE EFFORTS TO PROTECT THOSE
PERSONS WHO HAVE SCHIZOPHRENIA RATHER THAN APPENDICITIS.

I HOPE THAT YOU WILL JOIN WITH ME IN OPPOSING THE BLUNT
INSTRUMENTS THAT THE ADMINISTRATION PROPOSES TO USE AGAINST ALL HEALTH
CARE PROVIDERS UNDER MEDICARE AND MEDICAID.

BUT YOU ALSO HAVE A SPECIAL JOB IN THE UPCOMING SESSION: YOU
WILL HAVE TO EDUCATE OR RE-EDUCATE THE ADMINISTRATION AND THE CONGRESS
ABOUT ILLNESS AND TREATMENT. YOU MUST ADVOCATE A BALANCED HEALTH
SYSTEM WITH OPPORTUNITY FOR COVERAGE OF ALL CONDITIONS AND DISEASES
THAT DISABLE PEOPLE AND LOWER PRODUCTIVITY.

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AND YOU MUST CONVEY TO THE ADVOCATES OF COMPETITION IN HEALTH THAT IT IS NO MORE SENSIBLE TO CREATE A NATIONAL INSURANCE SCHEME WITHOUT PSYCHIATRIC BENEFITS THAN TO CREATE ONE WITHOUT SURGICAL BENEFITS. THERE IS NO ECONOMIC OR HUMAN RATIONALE FOR THE DISTINCTION.

FINALLY, WE MUST ALSO RETURN TO SOME OF THE SAME MEDICARE ISSUES THAT YOU HAVE ADDRESSED FOR A LONG TIME.

THE MEDICARE AND MEDICAID PROMISES TO THE POOR AND THE ELDERLY HAVE NOT BEEN KEPT. INFLATION IN HEALTH CARE AND IN THE GENERAL ECONOMY HAS ERODED ALL OUR ATTEMPTS AT ADEQUATE INSURANCE. MUCH OF WHAT HCFA NOW DOES IS TO SET UP REGULATIONS TO HOLD DOWN COSTS IN AN ARBITRARY WAY.

THE NEW ACROSS-THE-BOARD CUT AND COPAYMENTS ARE OBVIOUSLY AMONG THESE ARBITRARY PROPOSALS.

THE \$250 LIMIT ON OUTPATIENT MENTAL HEALTH SERVICES IS ONE I HAVE TRIED TO CHANGE IN PREVIOUS CONGRESSES.

AND AS PART OF THE SUBCOMMITTEE'S OVERSIGHT RESPONSIBILITY, WE SHOULD LOOK AT HCFA'S PROMISES TO RE-WRITE THE REQUIREMENTS FOR CERTIFICATION OF PSYCHIATRIC HOSPITALS. WE SHOULD REVIEW THE DOUBLE STANDARDS WHICH ARE USED FOR PSYCHIATRIC HOSPITALS AND GENERAL ACUTE CARE HOSPITALS.

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LAST YEAR I DISCUSSED THE PROBLEM OF DEEMING JCAH ACCREDITATION OF PSYCHIATRIC HOSPITALS SUFFICIENT FOR MEDICARE PARTICIPATION. BECAUSE NOT ALL JCAH STANDARDS HAVE "DEEMED STATUS" YOU ARE SUBJECT TO A SECOND, DUPLICATIVE SURVEY. IN PREPARING FOR THIS SPEECH, I HAVE FOUND THAT THE REGULATIONS TO GRANT COMPLETE DEEMED STATUS HAVE NOT BEEN ISSUED, EVEN THOUGH I WAS TOLD LAST YEAR THAT THEY WOULD BE READY SOON. IT APPEARS THAT THE BUREAUCRATIC WORK HAS BEEN DONE, BUT THAT THE ADMINISTRATION AND ITS REGULATORY TASK FORCE HAVE DONE NOTHING TO HELP. IT IS NOT CLEAR WHEN THE REGS WILL BE RELEASED.

I HOPE TO WORK WITH YOU ON THESE AND SIMILAR ISSUES THIS YEAR. THE ADMINISTRATION HAS CLEARLY LAUNCHED AN ATTACK ON ALL ASPECTS OF MENTAL HEALTH. THE REAGAN PROPOSALS WILL CLEARLY MAKE OUR CONFUSED PATCHWORK OF PROVIDERS AND AGES AND RESTRICTIONS WORSE. WE MUST WORK TOGETHER NOW TO ENSURE THAT AMERICA'S PSYCHIATRIC AND MENTAL HEALTH CARE IS DEVELOPED AS A FULL PART OF ITS HEALTH SYSTEM.

THANK YOU FOR INVITING ME. I'LL BE GLAD TO ANSWER ANY QUESTIONS YOU MAY HAVE.